

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (1/26):
BUTTER: Grade AA closed at \$1.2875. The weekly average for Grade AA is \$1.2958 (+.0545).

CHEESE: Barrels closed at \$1.1000 and blocks at \$1.1150. The weekly average for barrels is \$1.0920 (+.0120) and blocks, \$1.1110 (+.0241).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The butter market remains unsettled. Churning schedules across the country vary depending on cream availability and marketing/inventorying opinions. With the recent fluctuations on the cash market at the CME, many producers and handlers are questioning which is the best way to proceed. Some producers are selling more cream than churning at this time. Energy concerns, especially in California, are disrupting production, delivery, and purchasing schedules. For the most part, cream stocks are readily available with some producers taking advantage of favorably priced cream offerings. For those producers that are proceeding as usual for this time of the year, inventories are increasing. Overall demand for butter is fair at best with most buyer interest centering around short term needs.

CHEESE: The cheese market is steady to firm. At the Chicago Mercantile Exchange, cash cheese prices were generally unchanged. Many buyers are waiting for new developments before ordering for more than short term needs. Offerings are adequate for the current interest. Cheese production is generally steady. The energy situation in California has caused milk to be shifted between plants to find one with production capacity. During the week of January 22 - 26, CCC had no cheese activity under the price support program. CCC is seeking offers to sell CCC between 3 and 7 million pounds of additional mozzarella for March through June delivery. Offers are due January 29.

FLUID MILK: Milk output patterns are typical for the season, but signals of lower trends are reflected in many areas of the county. The December milk production report showed lower output versus a year ago in 12 of the 20 states. This is highly indicative of the lack of milk growth. California milk processing continues to struggle under rolling blackouts and high energy costs. Some milk dumping is taking place, with most being fed as animal feed on farms. Stage 3 alerts remain in effect across the state and are impacting the northernmost and southernmost processors. Output in the Pacific Northwest and Mountain States is seasonally steady. Midwest milk production is seeing only slight changes, but trending steady. Milk supplies are in close balance to tight in the Northeast, while the Southeast is seeing output increase. Florida output is building seasonally and milk is

moving out of the state for processing. Fluid cream prices are moving higher, reflecting increases in butter price averages. Demand is good from butter makers and other users.

DRY PRODUCTS: Nonfat dry milk prices are mostly steady to lower. Activity is relatively brisk for DEIP acceptances with bonus levels are ranging in the \$50 to \$66 range per MT. Production is unsettled in the West due to energy costs and power blackouts. Buttermilk markets are holding steady with some additional supplies available. Whey markets are unsettled to weaker in the Midwest, steady in the East, and firmer in the West. Markets in the West are still catching up to price increases of recent weeks. The firmness to the WPC market continues as supplies are limited. Some lowering of premiums is noted, although trades on the resale market are above the top end of the range. Lactose supplies are tightening and prices are steady to slightly higher.

CCC: During the week of January 22 - 26, CCC net purchases totaled 14,106,533 pounds of nonfortified NDM and 1,949,565 pounds of fortified NDM. Most purchases, except 257,917 pounds of nonfortified from the Midwest, were from the West.

DECEMBER COLD STORAGE (NASS): U.S. cold storage holdings of butter on December 31, 2000, total 26.5 million pounds, down 2.7% from November 30, 2000 but 5.5% higher than December 1999. Natural American cheese holdings total 509.3 million pounds, an increase of 1.1% from a month ago and up 11.2% from December 1999.

WORLD DAIRY SITUATION AND OUTLOOK (WAOB): As the year 2000 changes into 2001, the international dairy economy is being impacted by a number of strong forces arising from both within and without the sector. Widespread favorable economic conditions continue to create strong demand for both domestic and imported dairy products. At the same time, exchange rate fluctuations continue to alter the competitive conditions faced by dairy product exporters.

DECEMBER FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During December, about 9.4 billion pounds of milk were received from producers. This volume of milk is 6.1% lower than the adjusted December 1999 volume. About 4.0 billion pounds of producer milk were used in Class I products, 0.7% lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilization percentages were: Class I = 42%, Class II = 8%, Class III = 44%, and Class IV = 6%. The weighted average statistical uniform price was \$12.55, \$0.44 higher than last month, and \$0.73 higher than last year.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., **BUTTER:** carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JANUARY 22	TUESDAY JANUARY 23	WEDNESDAY JANUARY 24	THURSDAY JANUARY 25	FRIDAY JANUARY 26	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.0900 (N.C.)	\$1.1000 (+.0100)	+.0100	\$1.0920 (+.0120)
40# BLOCKS	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.1150 (+.0050)	+.0050	\$1.1110 (+.0241)
BUTTER GRADE AA	\$1.3400 (+.0975)	-----	\$1.2600 (-.0800)	-----	\$1.2875 (+.0275)	+.0450	\$1.2958 (+.0545)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are no longer reported here. Extra Grade and Grade A prices are \$1.0300. They last changed 9/1999. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, JANUARY 22, 2001

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.1075, 1 @ \$1.1100, 1 @ \$1.1075, 1 @ \$1.1100; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1100; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 1 CAR GRADE AA @ \$1.3400; BIDS UNFILLED: 7 CARS GRADE AA: 1 @ \$1.3300, 1 @ \$1.3000, 1 @ \$1.2950, 1 @ \$1.2750, 1 @ \$1.2650, 1 @ \$1.2550, 1 @ \$1.2450; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.3500

TUESDAY, JANUARY 23, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1200

WEDNESDAY, JANUARY 24, 2001

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1025, 2 @ \$1.1100; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1075; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1200

BUTTER -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2000; OFFERS UNCOVERED: 16 CARS GRADE AA: 1 @ \$1.2600, 1 @ \$1.2800, 1 @ \$1.2900, 2 @ \$1.3000, 1 @ \$1.3050, 1 @ \$1.3100, 1 @ \$1.3200, 1 @ \$1.3250, 1 @ \$1.3300, 2 @ \$1.3325, 1 @ \$1.3350, 1 @ \$1.3375, 2 @ \$1.3400

THURSDAY, JANUARY 25, 2001

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1100

FRIDAY, JANUARY 26, 2001

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.1150; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1000; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1200, 1 @ \$1.1300

BUTTER -- SALES: 10 CARS GRADE AA: 1 @ \$1.2575, 1 @ \$1.2600, 1 @ \$1.2575, 1 @ \$1.2725, 1 @ \$1.2800, 1 @ \$1.2850, 1 @ \$1.2900, 2 @ \$1.2850, 1 @ \$1.2875; BIDS UNFILLED: 7 CARS GRADE AA: 2 @ \$1.2625, 1 @ \$1.2600, 1 @ \$1.2525, 1 @ \$1.2400, 1 @ \$1.2000, 1 @ \$1.1500; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.3000

Dairy Market News will resume reporting of CME nonfat dry milk sales, bids, and offers, should trading activity occur.

BUTTER MARKETS**DECEMBER MONTHLY COLD STORAGE**

According to NASS, December month-end cold storage figures for butter total 26.5 million pounds, 5.5% higher than last year but 2.7% lower than November holdings.

NORTHEAST

The market tone remains unsettled, although cash trading at the CME has AA butter increasing 10 1/4 cents per pound through Monday of this week. Production schedules continue to run moderate to heavy as cream volumes are readily available to local butter operations. Stocks of butter are building at many locations. Often producers and handlers are reluctant to inventory surplus butter at this time due to the higher than desired cash price. Some are indicating that butter prices may be firmer this year during the first few months of the year versus previous year trends. Current butter demand is seasonally fair. Most buyers continue to place orders for short term or immediate needs only. Some buyers are holding off placing larger orders in hopes of a weaker price in the near term. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/average.

CENTRAL

Midwestern butter markets are unsettled. Producers, handlers, and buyers are all puzzled with recent fluctuation in the cash price at the CME. Most felt that the cash price early in the week was too high which then moderated by midweek. Even with the cash price declining 8 cents at midweek, many still feel that the cash value is still higher than desired for this time of the year. Stocks of butter are in good

balance for the fair at best demand. Churning schedules are quite active in the Midwest as cream volumes are reported to be sufficient to maintain steady production schedules. In most instances, current butter production is surpassing demand, thus inventories are increasing. Overall buying interest is light. Most buyers are only placing orders that will carry them for the near term. Retail orders are typical for this time of the year. No significant sales activity is being reported at retail. Food service orders are also fair at best. Most buyers are cautious and are placing orders for short term needs. Bulk butter is available for spot sale with prices ranging from 1 to 3 cents over various pricing bases.

WEST

Print butter sales are about average for this time of year. Bulk sales have slowed considerably with the latest price volatility in the market. Buyers were putting away bulk butter for summer and fall needs. With prices gyrating this much in such a short period of time, buyers feel that this is becoming a more risky venture. They hope that by waiting they may see some lower prices at which to store butter. Butter production is mixed with some plants selling more cream and churning less butter. Blackout disruptions in California are causing milk to move from normal outlets into other facilities that have power. Production, delivery, and purchasing schedules are all being disrupted. CME weekly butter storage amounts continue to build, but at a much slower rate than last year. Stocks have built 19.5 million pounds in four weeks this year, compared to 32.1 million pounds last year. Stocks currently stand at 29.2 million pounds. Current prices for bulk butter nominally range from 3 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
JANUARY 20	1.0905 6,044,608	1.0889 8,306,780	1.0170 17,397,837	1.2163 4,556,268	0.2517 7,306,041

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are higher on all varieties except Swiss. Cash prices on the Chicago Mercantile Exchange were higher last week. Retail cheese orders are steady and food service orders are steady to lighter as most party needs for the Super Bowl are in place or in transit. Current cheese production in the Northeast remains moderate. Limited volumes of surplus milk are available to manufacturing plants. Estimated December milk production was lower in New York and Pennsylvania, though slightly higher in Vermont, with cow numbers below December 1999 in all 3 states.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1300-1.6000
Cheddar Single Daisies	:	1.0875-1.5475
Cheddar 40# Block	:	1.2275-1.4075
Process 5# Loaf	:	1.2900-1.4625
Process 5# Sliced	:	1.3100-1.5650
Muenster	:	1.2900-1.4975
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steadier. Current cheese demand remains mixed with overall interest generally fair. The big year end through Super Bowl seasonal push is over and buyers are looking just to replace stocks as needed. Some producers and distributors are seeing a slowdown in orders. Plant operators are finding they have a spot load or two available. Process sales are steady to occasionally improved. Mozzarella demand remains good, reflecting good pizza sales. Current cheese production is steady to slightly lower, reflecting milk availability. Traders are interpreting the recent milk production report showing declines in upper Midwestern milk production due to fewer cows and a slowdown in other parts of the country as improving the potential for higher prices, especially after spring flush. Fat and protein tests on incoming milk supplies are about steady at seasonal levels.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3000-1.5000
Brick And/Or Muenster 5#	:	1.4300-1.6825
Cheddar 40# Block	:	1.4300-2.1150
Monterey Jack 10#	:	1.6400-2.1150
Blue 5#	:	1.8275-2.0600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4500-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0450-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JANUARY 22 - 26, 2001
BARRELS*	:	\$1.0800 - 1.1000 (NOMINAL)
	:	(\$.0150) (.0200)
40# BLOCKS	:	\$1.0875 - 1.1175 (NOMINAL)
	:	(\$.0200) (.0200)

() Change from previous week. * If steel, barrel returned.

WEST

Natural and process prices have rebounded slightly and sales to the government price support program are minimal. Most Western producers are satisfied with current sales levels. Current cheese is moving well and processors continue to clean up any downgraded cheese. Demand for mozzarella remains strong and Swiss sales are good for the first quarter. Power blackouts in California are causing some milk to be shifted from one plant to another to find available on line processing capacity. Some small volumes of milk have been dumped at the farm due to quality problems or just no plant able to take the milk. Conditions are not as bad as last week, but there continue to be disruptions. Natural American cheese stocks at the end of the year were 509.3 million pounds, up 11.2% from the end of 1999. Swiss stocks for the comparable period were up 15.4% at 9.7 million pounds.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2325-1.4925
Cheddar 40# Block	:	1.2100-1.3500
Cheddar 10# Cuts	:	1.3900-1.6100
Monterey Jack 10#	:	1.4000-1.5600
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5100

FOREIGN

Prices are unchanged on imported varieties and mostly higher on domestic products. Demand for foreign type varieties is seasonally fair. Supplies are generally adequate to meet current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.4325-2.9275*
Gorgonzola	3.2400-5.9400	1.9825-2.4900*
Parmesan (Italy)	TFEWR	2.8475-2.8725*
Romano (Italy)	2.1000-2.5400	-0-
Provolone (Italy)	3.4400-5.5000	1.4400-1.7175*
Romano (Cows Milk)	-0-	2.6225-4.7975*
Sardo Romano (Argentina)	2.6500-3.2900	-0-
Reggiano (Argentina)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.3100	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
01/22/01	15,700	134,616
01/01/01	7,758	133,996
CHANGE	7,942	620
% CHANGE	102	N.C.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	93	0	25	0	0
SOUTHEAST STATES	0	0	0	0	0	0

During December, milk production in the 20 major states totaled 11.9 billion pounds, unchanged from December 1999. The following are the December to December changes for selected states: Texas -7.6%, New York and Virginia -4.2%, Pennsylvania -1.6%, Kentucky -1.4%, Florida +0.5%, and Vermont +1.8%. During December, milk cow numbers were lower in all these states except Florida (unchanged) and Kentucky (up 1,000 head). Milk per cow was unchanged to lower in all the above states except Florida and Vermont. Milk production patterns throughout the Northeast and Southeast are mixed. In the Northeast, milk handlers indicate that overall milk supplies are in close balance to tight, while in the Southeast, milk output is increasing seasonally. In the Southeast, especially in Florida, milk production is building seasonally to the point that milk shipments out of state are increasing. The milk situation in Florida is in transition. Demand for milk in the state has fluctuated since the year-end holidays. One week additional milk is needed while the next surplus exists and milk is leaving the state. Florida milk handlers report that overall milk production patterns are increasing on a steady basis, thus they anticipate shipments out of state will be the norm for future weeks. Bottled milk demand was strong late last week in the Mid-Atlantic area due to a snowfall forecast. The snow did come and Class I demand remained strong early in the current week. Manufacturing facilities throughout the Eastern part of the country report that plant capacity is not a problem. In instances, some plants remain completely down until surplus milk volumes increase. The condensed skim market is steady to firm. Demand for both Class II and III is just fair. The fluid cream market is generally steady, although prices are higher due to the butter base price average being slightly higher. Cream volumes are reported to be readily available to Eastern butter operations. Some cream handlers continue to clear surplus volumes of cream to other areas of the country.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4896-1.6633
DELIVERED EQUIVALENT ATLANTA	-	1.4896-1.6633 M 1.5516-1.6137
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6012-1.6882

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0700-1.1500
NORTHEAST- CLASS III - SPOT PRICES	- .7000- .9600

M I D W E S T

Class I demand is about steady at moderate levels. Promotional activity on fluid is generally light as Super Bowl is generally not a big milk consuming event. Cottage cheese and dip interest was a little stronger for some producers. Manufacturing milk demand is generally good for the limited supplies. Spot manufacturing milk prices are about steady at \$1.50 to just over \$2.00 over class. Plant operators are concerned that current price levels may force a substantial number of producers from the business through sellouts and milk supplies will be tighter by fall. According to trade sources, as manufacturing milk prices moved higher in many recent sessions of the Chicago Mercantile Exchange futures market, more producers showed interest in locking in a floor price on at least part of their production. Cream prices are generally higher, reflecting recent weekly average advances in the cash butter prices at the Chicago Mercantile Exchange. On a limited test, Class III cream multiples and net prices are well above the reported cream price range due to the changes in the Federal Order pricing system in 2001. Condensed skim prices for Class II are \$1.08 - 1.1250 with Class III less than \$1.00. A total of 26 loads of

Wisconsin milk are direct shipped to Missouri, 21 loads to Tennessee, along with 5 loads to Kentucky and pooled under other federal orders to supplement local offerings. Week to week plant milk receipts continue to do little, though some more plants are noticing declines in receipts while others observe more seasonal increases. The December estimated milk production in selected Midwestern states compared with 1999 is: Wisconsin 1.91 billion pounds, down 21 million pounds (-1.1%); Minnesota 785 million pounds, off 22 million pounds (-2.7%); Michigan 471 million pounds, up 11 million pounds (2.4%), and Iowa 321 million pounds, unchanged. Recent warmer weather and, limited snow thus far in January, has allowed producers the opportunity to clean out lots and haul a few extra loads of manure if needed. In upper Midwestern states, a few bare spots are appearing where the snow cover was not as deep.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.00- 45.00	\$ 37.00- 42.00
REPLACEMENT HEIFER CALVES	\$220.00-330.00	\$250.00-320.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 18 - 24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 47.00	\$ 32.00- 44.00

W E S T

Numbers indicate that milk production is slowing down. December output for the 20 states surveyed was unchanged from a year earlier. Cow numbers have declined for two consecutive months and production per cow is lagging a year earlier. Cow numbers remain above a year ago in the Western region, but production per cow is trailing last year by, in instances, more than 5%. Annual output for the Western states compared to last year is as follows: Arizona +3.1%, California +5.8%, Colorado +10.9%, Idaho +11.9%, New Mexico +10.8%, Oregon +1.0%, Utah +5.1%, and Washington +0.7%. While these numbers show increases for the year, in every instance, fourth quarter production was less than the quarterly increase noted for the third quarter compared to a year earlier. Energy concerns continue to plague California. Processors who are experiencing rolling blackouts are having to dump milk at the farm level to alleviate backlogs. The dumping is mostly in the form of feeding the milk to dairy calves. Some processors are having to pay huge power bills to run their plants. California milk production patterns continue to be impacted by wet weather conditions across much of the milk producing areas of the state. Rainfall is not as heavy as last week. Lot conditions are muddy but having only slight impacts on the milk herds. Only limited increases in production are occurring. The wild ride in the butter cash market continues to spill over to cream. Multiples remain in the 115 to 135 range FOB. Varied interest is being expressed. Some suppliers are seeing demand drop, while others are seeing good demand continue. A lot depends on the optimism and needs of cream buyers. Milk production is steady to slightly higher across New Mexico. Conditions are fair to good at the producer level with few impacts of recent weather lingering. Processing capacity is ample to handle production in the region. Milk output in the Pacific Northwest is seasonally steady. Some producers feel that their output is off a pound or two because of the hay quality available. Temperatures are warm and moisture is scarce. Most of the snowpack is in the 50% or less range. Some reservoirs have not been this low in January since 1968. Much more concern is being expressed concerning power generation and irrigation supplies. Some plants are looking at what options they might have if blackouts occur. Weather conditions remain good for dairying in Utah and Idaho. Production is holding up quite well. Here again, concern is being expressed about water availability for spring irrigation needs. Most are estimating that the current snow pack is only in the 50-60% of normal category. Hay prices are steady to firm with trading very light. Heifer prices remain firm. New growth and expansion plans seem to be generally on hold for the spring building season. Herd liquidations continue in the region.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/25/01 and represent FOB Central and Western production areas. Prices represent CL/TL quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to lower and the market tone is generally steady. With changes in the support price due to reformulations in the milk price, some plants are trading at lower prices. However, at other locations, plants are clearing product at standard premiums and seeing no need to discount. Movement into the CCC continues as milk volumes and NDM production show seasonal signs of increase. Inventories are mostly in balance for the steady demand into cheese, ice cream, blending, and brokerage facilities. High heat supplies are tight. Some Western offers are being noted into the Midwest with additional premiums due to energy costs. Standard grade supplies are readily available from Central and Western producers.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0600 MOSTLY: 1.0275 - 1.0325

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a steady to weak market. Some producers are reportedly clearing product at the higher end of the range. However, at other locations, producers are reducing prices to clear excess inventories. Most spot trading is occurring between .9800 and 1.0000. Some resale product is being marketed at 1.0000 and lower. Condensed is more available and clearing into drying facilities. Production is unchanged to slightly higher. Western offers at 1.0100 - 1.0300 FOB are being met with resistance. Movement is slow and best on contractual arrangements.

BUTTERMILK: .9800 - 1.0700

DRY WHEY - CENTRAL

Prices are unchanged to lower on a steady to somewhat weaker market. Premium prices are less aggressive and buyers are more price sensitive. Multiple load shipments are being offered at the lower end of the range. Supplies are mixed. Some plants are short of buyer needs while others are holding extra loads. Export inquiries persist with some plants opting not to trade in order to first satisfy domestic contractual agreements. Production is unchanged to higher as milk volumes show seasonal signs of increase. Demand is slower compared to last week. Off grade supplies are tight for the good feed interest.

NONHYGROSCOPIC: .2500 - .2850 MOSTLY: .2650 - .2750

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged on a generally steady market. Milk replacer supplies are tight. Some sub-standard product is being offered within the price range. Most buyers are opting to wait and see whether prices will adjust lower before purchasing additional supplies. Roller ground prices are unchanged due to buyer price resistance and steady Extra Grade markets. Delactose supplies continue tight. Spot load activity is light with most movement occurring on a contractual basis. Inquiries continue from feed buyers as delactose remains an attractively priced substitute for WPC. December calf slaughter totaled 92.0 thousand head, down 18% from December 1999. Hog kill totaled 8.1 million head, 9% below December 1999.

MILK REPLACER: .2000 - .2600
ROLLER GROUND: .2525 - .2800
DELACTOSE (Min. 20% protein): .4100 - .4150

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady market. Supplies are in better balance than the week prior. Western operation energy problems are not impeding movement or increasing price. However, some plants are feeling the pinch of higher cost. Increased demand is being noted from both export and domestic markets. Some trade is being based on an aversion to European product due to unsubstantiated concerns of BSE. Lactose is also being used as a substitute for higher priced whey. Production is steady with the higher mesh sizes clearing the best. Lactose 200 mesh demand is strong and trading at .2100 - .2225 FOB. Off grade product is readily available at prices slightly below the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1500 - .2150 MOSTLY: .1625 - .1725

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are mixed on a steady to firm market. Supplies remain tight, yet trading is lighter and premium prices are lower. Western operations shut downs due to energy problems apparently are not impacting supplies. However, some general equipment problems are delaying movement at some plants. Inquiries are plentiful. Resale product is reportedly trading above the range FOB into domestic and export markets for edible and feed use. Condensed supplies are readily available at some locations for the good demand. Buyers are able to receive contracted supplies and additional loads if so desired. Isolates and 80% WPC are short of demand. Off grade supplies are tight and trading at prices just below the range. Aged MPC remains available as a competitive substitute for WPC.

EXTRA GRADE 34% PROTEIN: .7675 - .7850 MOSTLY: .7675 - .7725

NONFAT DRY MILK - WEST

Low/medium heat NDM prices are steady and the market tone remains weak. Market conditions have shown some subtle changes in the last few weeks, trending both firm and weak. California power considerations continue to impact NDM processing. Rolling blackouts and high energy costs remain burdens for processing plants. Buying interest is subdued and sales are mainly being limited to prior contracted sales. On January 18, USDA announced the support prices for NDM, butter and cheese were being adjusted to reflect new pricing formulas under the reformed Federal milk marketing orders. The price for NDM was lowered from \$1.0100 to \$1.0032, effective January 16. There was no change in the butter/powder tilt. DEIP bid acceptances continued this week, following a renewal in activity last week. High heat prices are slightly higher in a limited test. Some additional seasonal demand is appearing. For the week of January 15 - 19, CCC net purchases totaled 9.1 million pounds of nonfortified and 2.0 million pounds of fortified NDM, all from the West.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9950 - 1.0300 MOSTLY: 1.0050 - 1.0150
HIGH HEAT: 1.0400 - 1.0850

DRY BUTTERMILK - WEST

Dry buttermilk prices and the market tone are mostly steady. Additional supplies are slow to appear on the marketplace, although more spot loads are available in relation to even a month ago. Part of the supply problem is the power situation and processors' unwillingness to dry any more product than necessary. Often drying costs are prohibitive. Sales of condensed are preferred. Stocks are mostly light.

BUTTERMILK: .9700 - 1.0300 MOSTLY: .9800 - .9900

DRY WHEY - WEST

Prices continue to firm for Western whey powder. Any offerings are clearing very easily. Domestic demand is good with some slower interest in export channels because of the Chinese New Year celebrations. Some producers are exploring the possibility of energy surcharges due to escalating drying costs. Rolling blackouts have disrupted some plant production schedules. Some farm milk is being offered to calf growing facilities replacing some purchased milk replacer product. This is taking place because of manufacturing plant disruptions. Whey inventories range from balanced to tight.

NONHYGROSCOPIC: .2200 - .2700 MOSTLY: .2275 - .2400

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
January 19	\$1.0127	12,545,226
January 12	\$1.0104	10,347,022

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities for domestic and export sales in 25 kg. or 50 lb. bags, and totes, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are about steady and nominal in the Eastern part of the country. Overall demand is fair with most orders being placed as needed. Stocks of low and medium heat powder are sufficient to meet current needs with high heat powder in the tightest position. Drying schedules continue to build as more milk is available to local dryers. Milk production continues to increase along with no out of region milk shipments being reported, causing more milk to be processed locally.

Includes EXTRA GRADE AND GRADE A

LOW/MEDIUM HEAT:	1.0300 - 1.0850 MOSTLY: 1.0450 - 1.0700
HIGH HEAT:	1.0600 - 1.1200 MOSTLY: 1.0800 - 1.1000
DELVD SOUTHEAST:	
ALL HEATS:	1.0550 - 1.1500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and nominal. The market tone is steady. Production levels are reported as moderate following fairly active churning schedules. Demand is steady. Condensed or liquid buttermilk sales are fair with volumes readily available from local and other area sources.

F.O.B. NORTHEAST:	.9800 - 1.0000
DELVD SOUTHEAST:	1.0100 - 1.1000

DRY WHOLE MILK - NATIONAL

Whole milk powder markets are steady at unchanged prices. Spot buyer interest is slow and unaggressive. Most whole milk sales are centered around contract users. For the most part, whole milk powder stocks are sufficient to meet current contracted needs with minimal volumes available for spot sale.

F.O.B. PRODUCING PLANT:	1.2400 - 1.4400
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH JANUARY 19, 2001
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	29,129 MT (64,217,793 LBS)
CHANGE	--	16,379 MT (36,109,143 LBS)

CHEESE	--	3,030 MT (6,679,938 LBS)
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This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are generally steady, although the market tone is mixed. Some producers and handlers indicate a continued firm tone to the market, while others are indicating that offerings of lower priced Midwestern powder will limit further firmness. Overall whey demand is good. Stocks of powder are barely sufficient to meet current needs with many producers sold out through the end of February. At most plants, there is no powder available for spot sales with most operations trying to catch up with previous commitments.

F.O.B. NORTHEAST:	EXTRA GRADE	.2700 - .2800
	USPH GRADE A	.2725 - .2850
DELVD SOUTHEAST:		.3000 - .3200

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production is moderate for this time of the year. In most instances, current production is keeping pace with demand and for the most part, is replenishing inventories.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

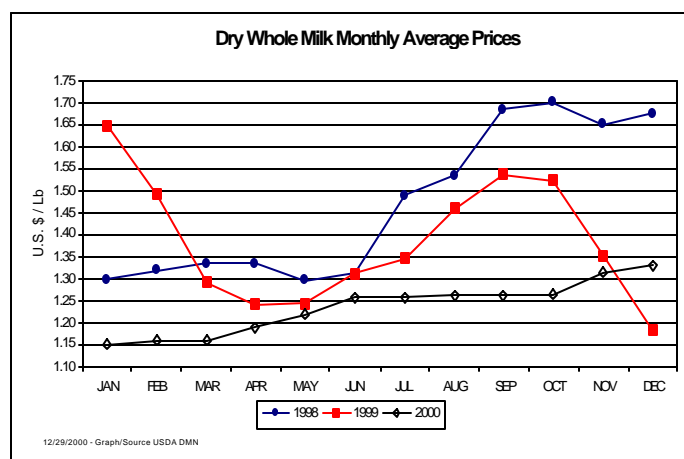
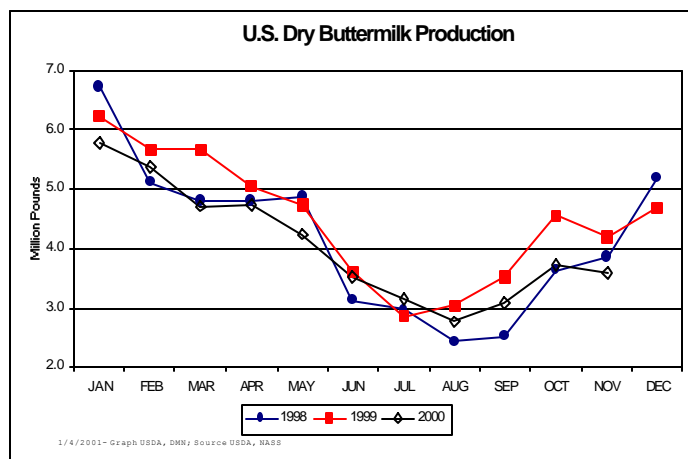
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets remain basically unchanged at firm prices. Available stocks from producing countries are much the same as they have been. Most producers continue to feel that they have adequate volumes of powder to meet contractual commitments, with minimal, if any available for spot sales. Oceania's milk production season is on the down side of the seasonal cycle and with strong SMP demand, casein output is basically limited to contracted needs. European stocks are equally limited. Although casein availability is limited, most domestic needs are being met, with deliveries of contracted volumes often not as scheduled.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.3000 - 2.5000
ACID:	2.4500 - 2.5500



MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

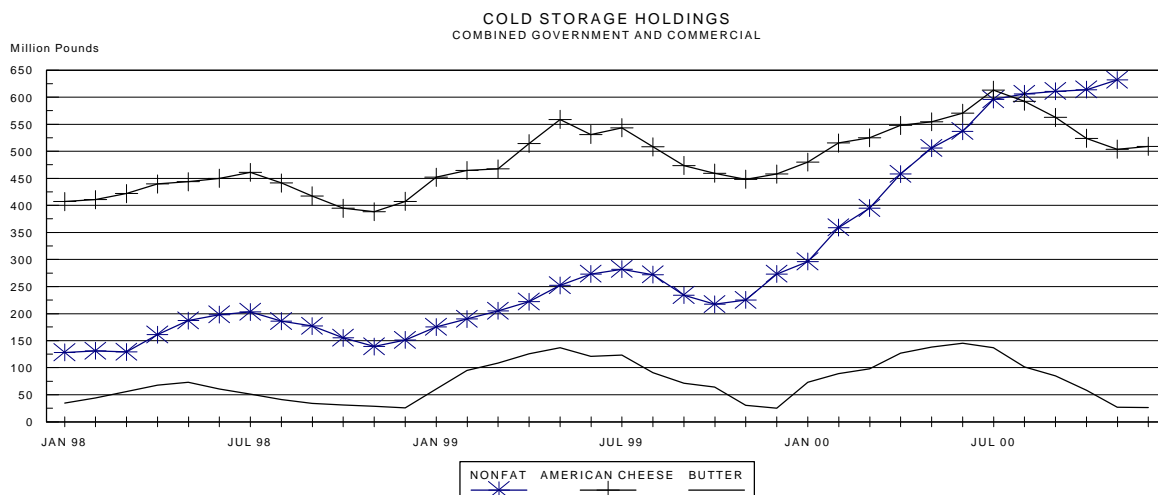
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	NOV 30, 1998	NOV 30, 1999	REVISED NOV 30, 2000	DEC 31, 1998	DEC 31, 1999	DEC 31, 2000
Butter	28,698	30,184	27,188	25,910	25,082	26,452
Cheese, Natural American	388,529	448,250	503,870	407,692	457,990	509,286
Cheese, Swiss	11,911	9,075	10,272	11,838	8,381	9,668
Cheese, Other Natural	94,029	134,397	172,999	97,685	154,890	175,818
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	8	313	188	4	223	140
Natural American Cheese	26	24	706	120	18	1,494

DECEMBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter*			Other Natural Cheese		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
New England	22,882	19,594	19,562	---	---	---	268	577	485
Middle Atlantic	43,037	38,671	45,944	---	---	---	6,684	7,110	6,848
East North Central	212,990	219,909	255,373	---	---	---	78,572	80,374	72,177
West North Central	54,698	97,261	92,968	---	---	---	3,620	51,391	56,147
South Atlantic	778	784	6,351	---	---	---	681	2,603	623
East South Central	204	0	0	---	---	---	301	150	153
West South Central	295	302	2,054	---	---	---	198	179	355
Mountain	14,489	10,346	10,808	---	---	---	748	276	4,749
Pacific	58,319	71,123	76,226	---	---	---	6,613	12,230	34,281
TOTAL	407,692	457,990	509,286	25,910	25,082	26,452	97,685	154,890	175,818

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1999 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Million Pounds						Million Pounds						Million Pounds					
January	73	61	73	61	<u>3/</u>	<u>3/</u>	480	452	480	452	<u>3/</u>	<u>3/</u>	296	175	146	82	150	93
February	89	95	89	95	<u>3/</u>	<u>3/</u>	515	465	515	465	<u>3/</u>	<u>3/</u>	359	190	173	108	186	82
March	98	108	97	108	<u>3/</u>	<u>3/</u>	525	468	525	468	<u>3/</u>	<u>3/</u>	395	205	168	123	227	83
April	127	126	127	125	<u>3/</u>	<u>3/</u>	548	514	548	514	<u>3/</u>	<u>3/</u>	458	222	197	136	260	86
May	138	137	138	136	<u>3/</u>	<u>3/</u>	555	559	555	559	<u>3/</u>	<u>3/</u>	506	252	197	164	309	88
June	145	121	144	120	<u>3/</u>	<u>3/</u>	570	531	570	531	<u>3/</u>	<u>3/</u>	537	273	171	158	366	114
July	137	124	136	123	<u>3/</u>	<u>3/</u>	613	544	613	544	<u>3/</u>	<u>3/</u>	596	282	190	141	406	141
August	101	91	101	90	<u>3/</u>	<u>3/</u>	593	508	592	508	<u>3/</u>	<u>3/</u>	606	272	152	101	454	171
September	85	71	84	71	<u>3/</u>	<u>3/</u>	563	474	562	474	1	<u>3/</u>	611	234	130	87	481	147
October	58	64	58	64	<u>3/</u>	<u>3/</u>	524	459	523	459	1	<u>3/</u>	614	217	121	84	493	133
November	27	30	27	30	<u>3/</u>	<u>3/</u>	504	448	503	448	1	<u>3/</u>	632	225	111	87	521	138
December	26	25	26	25	<u>3/</u>	<u>3/</u>	509	458	508	458	1	<u>3/</u>	273			139		134

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Nov 30, 1998	Nov 30, 1999	Nov 30, 2000	Dec 31, 1998	Dec 31, 1999	Dec 31, 2000
	Thousand Pounds					
Butter	28,690	29,871	27,000	25,906	24,859	26,312
Natural American Cheese	388,503	448,226	503,164	407,572	457,972	507,792

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (1-01) and "Dairy Products," Da 2-6 (1-01), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, FEBRUARY

Class I Base Price. Under the Federal milk order pricing system, the Class I base price for February 2001 is \$11.94 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$7.89 and the advanced Class IV butterfat pricing factor of \$1.2352. Class I differentials specific to each order are added to the base price to determine the Class I price. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$7.89. Thus, the Class II skim milk price for February is \$8.59 per cwt., and the Class II nonfat solids price is \$0.9544. **Product Price Averages.** The two-week product price averages for February are; butter \$1.1279, nonfat dry milk \$1.0172, cheese \$1.1340, and dry whey \$0.2446.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/				
Federal Milk Order Marketing Area 3/	Order Number	February 2001		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) 4/	001	15.19	11.14	1.2677
Appalachian (Charlotte) 5/	005	15.04	10.99	1.2662
Southeast (Atlanta) 6/	007	15.04	10.99	1.2662
Florida (Tampa) 7/	006	15.94	11.89	1.2752
Mideast (Cleveland) 8/	033	13.94	9.89	1.2552
Upper Midwest (Chicago) 9/	030	13.74	9.69	1.2532
Central (Kansas City) 10/	032	13.94	9.89	1.2552
Southwest (Dallas) 11/	126	14.94	10.89	1.2652
Arizona-Las Vegas (Phoenix) 12/	131	14.29	10.24	1.2587
Western (Salt Lake City) 13/	135	13.84	9.79	1.2542
Pacific Northwest (Seattle) 14/	124	13.84	9.79	1.2542
All-Market Average		14.52	10.47	1.2610

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are principal pricing points of markets. 4/ Class I prices at other points are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. 5/ Class I prices at other points are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other points are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other points are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other points are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other points are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. 10/ Class I prices at other points are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other points are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I price at Boise is minus \$0.30. 14/ Class I prices at other points are: Portland, same; and Spokane, same.

WORLD DAIRY SITUATION AND OUTLOOK*

Summary - As the year 2000 changes into 2001, the international dairy economy is being impacted by a number of strong forces arising from both within and without the sector. Looking first at forces arising outside the sector, widespread favorable economic conditions continue to create strong demand for both domestic and imported dairy products. At the same time, exchange rate fluctuations continue to alter the competitive conditions faced by dairy product exporters.

Demand - The phenomenon of good economic conditions creating strong demand is particularly prevalent in Mexico and much of the rest of Latin America, and the Pacific Rim economies. Somewhat surprisingly for countries often considered to have “mature” domestic markets, major dairy exporters such as the United States, Canada, and the EU are also enjoying growing demand for dairy products. In the case of Canada and the EU, this strong demand likely most affected ending domestic stocks allowing a drawdown when other conditions indicated stock growth was probable. In the United States, growing consumption of cheese appears to have negated some of the impact of the very high growth rates in milk production that characterized 1999 and much of 2000. Without the strong demand growth, U.S. prices likely would have fallen earlier in the cycle and may have fallen further too.

Exchange Rate Fluctuations - Exchange rates represent the second major external factor that is having a significant impact on competition on international dairy markets. Recalling that nearly all international transactions in dairy products are done in dollars, it is not hard to see how some relatively large changes in exchange rates have impacted trade. Since the beginning of 1999, the Euro (and associated European currencies to more or less the same extent) has fallen from a value of \$US 1.16/Euro to \$US 0.88/Euro at the end of 2000. This sharp decline has allowed the EU to maintain or even expand its exports while at the same time reducing the per unit value of its subsidies. Further, even with the sharp fall in U.S. farm milk prices due to market conditions, changing exchange rates may have nullified that impact so that the price an EU processor/exporter pays for milk may be below what a similar processor/exporter would pay in the U.S. That is, even before the greater availability of subsidies comes into play, European firms may already have the advantage of a lower-priced source of inputs. The downward slide in the currencies of Australia and New Zealand has also had a major impact on exports from Oceania. Already operating from a low-cost system of production, the depreciation of their currencies has meant that Australia and New Zealand can accept at times rather low (in dollar terms) international prices while at the same time increasing their returns to farmers. For example, since January 1999 the New Zealand dollar has dropped from a value of \$US 0.54 to \$US 0.42 in December 2000. Similarly for the Australian dollar, the value has dropped from \$US 0.63 to \$US 0.54.

Production Patterns - Within the dairy sector, regional patterns of production have also had a major impact on trade. In the rapid growth category, Australia and New Zealand had milk production increases of 7 and 16 percent, respectively, in their 2000 dairy marketing years and are forecast to show growth in the 3.5 to 4.0 percent range in 2001. This extra production is being sold on international markets at generally profitable prices as evidenced by further production expansion. In contrast, in the United States, milk production growth of 3.4 percent in 1999 and 3.6 percent in 2000 resulted in a sharp decline in farm milk prices, a major build-up in government owned stocks, and only a modest increase in exports. Argentina and probably other countries in the southern South America cone represent a third way. Two years ago this area was being viewed as a potential major export area, however the low world prices were not offset by exchange rate adjustments with the result that prices to producers have fallen sharply. These declines have caused many marginal producers to exit the industry resulting in an overall decline in Argentine milk production in 2000 with a further decline likely in 2001.

Commodities - Analysis of trade patterns for the EU and Oceania indicates both seem to share the same objective of exporting relatively more cheese and whole milk powder, thereby avoiding the problem of finding a market for butter or anhydrous milkfat. In part it is the pursuit of that goal that has shorted nonfat dry milk production resulting in the current high prices. Global cheese exports showed a sharp increase in 2000 with most of the increase accounted for by Oceania. A recovery in EU exports accounts for most of the rest of the change in the aggregate. International butter markets have been depressed during much of 2000 with current prices in the \$1300 to \$1500/ton range, well below the \$1600 to \$1800/ton prices that prevailed early in 1999. However, at the end of 2000, butter prices are actually a little stronger than they were in December 1999. At the aggregate level, butterfat exports jumped nearly 80,000 tons in 2000 and further growth is forecast for 2001. Prices for nonfat dry milk, often the low-price leader among the major dairy products, shot up sharply during the summer of 2000 and although there are no major production shortfalls, prices remain high at the end of the year. Perhaps the biggest influence on these prices is the reduced levels of production and stocks within the EU, traditionally the largest supplier to world markets. Exports from Oceania are expected to be about the same or may even decline again in 2001. In contrast, improved prices for whole milk powder (WMP) are expected to bring forth increased exports from both the EU and Oceania in 2001. For the WMP importers covered in this report, 2001 is forecast to bring another year of healthy growth.

* This summary was derived from the ?Dairy: World Markets and Trade?, FD 2-00, December 2000, Foreign Agricultural Service, USDA. For more information contact Authur Coffing at (202) 720-3761.

TOTAL COW SLAUGHTER UNDER FEDERAL INSPECTION, UNITED STATES, 1998 TO 2000
(THOUSAND HEAD)

1998			1999			2000		
Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows
Jan 3	105.0	50.4	Jan 2	90.6	40.9	Jan 1	89.9	44.3
10	143.8	68.0	9	119.0	54.5	8	115.8	57.7
17	127.0	60.2	16	128.8	56.1	15	115.5	56.8
24	127.6	62.5	23	122.4	56.6	22	111.1	52.9
31	126.0	61.5	30	112.6	54.3	29	104.6	51.2
Feb 7	120.2	58.3	Feb 6	109.4	54.7	Feb 5	102.5	51.9
14	112.0	54.7	13	111.6	54.0	12	107.2	54.0
21	108.5	56.6	20	105.1	52.5	19	103.8	51.5
28	112.4	56.1	27	104.8	50.4	26	102.7	53.7
Mar 7	108.5	54.9	Mar 6	107.4	51.2	Mar 4	101.8	55.6
14	95.0	50.0	13	102.9	49.1	11	102.2	55.1
21	104.6	52.3	20	103.5	49.3	18	99.5	53.9
28	109.4	54.4	27	113.5	52.3	25	101.7	54.6
Apr 4	110.0	54.0	Apr 3	102.3	47.7	Apr 1	100.0	52.3
11	105.1	50.3	10	99.1	47.6	8	97.5	48.8
18	106.5	49.6	17	104.3	48.2	15	99.3	48.8
25	111.2	51.5	24	105.2	47.1	22	97.9	47.8
May 2	106.7	47.9	May 1	103.1	47.2	29	98.1	46.7
9	107.4	47.3	8	103.2	44.3	May 6	101.2	47.2
16	108.3	46.9	15	108.7	46.2	13	103.1	46.8
23	110.6	47.4	22	112.5	47.3	20	104.0	46.3
30	101.1	43.0	29	111.8	45.0	27	108.3	47.7
Jun 6	113.7	47.6	Jun 5	87.2	39.4	Jun 3	90.7	41.3
13	108.6	46.0	12	99.9	43.4	10	105.0	46.4
20	105.3	45.0	19	99.3	43.9	17	101.6	45.2
27	107.9	44.9	26	99.8	44.0	24	102.8	47.3
Jul 4	98.4	40.5	Jul 3	101.0	46.0	Jul 1	104.7	47.4
11	105.8	44.2	10	84.7	38.9	8	75.4	37.0
18	108.5	44.6	17	102.2	45.9	15	103.7	48.6
25	104.9	44.1	24	101.8	47.6	22	99.1	48.1
Aug 1	110.5	46.6	31	95.2	46.6	29	92.0	45.9
8	117.7	47.9	Aug 7	97.7	46.0	Aug 5	93.8	46.1
15	111.2	48.2	14	107.7	51.2	12	92.8	45.8
22	107.2	48.4	21	108.2	52.3	19	95.3	46.2
29	113.6	48.7	28	107.3	51.0	26	103.5	50.4
Sep 5	114.4	49.7	Sep 4	108.3	49.8	Sep 2	108.7	52.1
12	99.2	43.4	11	92.8	44.5	9	89.6	45.4
19	117.5	50.8	18	107.3	49.5	16	106.9	50.5
26	114.8	49.2	25	112.0	52.6	23	107.8	51.0
Oct 3	111.2	49.0	Oct 2	111.5	51.3	30	107.1	54.2
10	105.7	47.3	9	114.2	51.3	Oct 7	109.6	52.2
17	111.6	47.3	16	116.5	51.5	14	108.0	51.3
24	118.7	50.2	23	119.3	51.9	21	116.3	54.6
31	131.8	54.3	30	124.9	55.4	28	118.2	55.0
Nov 7	122.6	52.3	Nov 6	125.2	54.0	Nov 4	118.5	56.1
14	125.6	52.1	13	127.2	55.8	11	118.0	57.7
21	132.7	55.6	20	125.3	55.3	18	120.9	59.0
28	103.7	44.9	27	100.7	45.3	25	99.8	49.3
Dec 5	131.5	54.4	Dec 4	122.0	55.5	Dec 2	126.8	62.7
12	128.1	56.3	11	118.2	55.5	9	125.1	61.4
19	122.0	51.6	18	112.4	53.4	16	108.5	54.0
26	80.4	34.0	25	88.2	42.9	23	108.3	55.0
						30	88.6	45.1

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service and the National Agricultural Statistics Service, all of USDA.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, DECEMBER

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for December have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During December, about 9.4 billion pounds of milk were received from producers. This volume of milk is 6.1 percent lower than the adjusted December 1999 volume. About 4.0 billion pounds of producer milk were used in Class I products, 0.7 percent lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilization percentages were; Class I = 42%, Class II = 8%, Class III = 44%, and Class IV = 6%. The weighted average statistical uniform price was \$12.55 per cwt., \$0.44 higher than last month, and \$0.73 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF DECEMBER 2000										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>3/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,953.4	-5.8	936.9	2.6	48	14	29	9	13.72
Appalachian (Charlotte)	005	558.2	7.7	370.3	-7.8	66	12	9	14	14.83
Southeast (Atlanta)	007	619.5	-6.8	410.9	-3.8	66	9	15	10	14.51
Florida (Tampa)	006	253.1	1.9	218.8	-1.1	86	7	3	4	16.10
Mideast (Cleveland)	033 <u>4/</u>	1,245.8	11.3	578.0	-4.0	46	7	44	3	12.16
Upper Midwest (Chicago)	030 <u>4/</u>	1,657.0	-28.9	337.9	-9.3	20	3	76	1	10.60
Central (Kansas City)	032 <u>4/</u>	1,402.9	30.8	428.5	15.8	30	6	62	2	11.38
Southwest (Dallas)	126 <u>4/</u>	662.0	-8.2	330.3	-1.8	50	4	44	2	12.91
Arizona-Las Vegas (Phoenix)	131	251.5	-2.9	81.2	17.5	32	4	37	27	12.40
Western (Salt Lake City)	135 <u>4/</u>	300.7	-35.1	82.5	-5.9	27	8	63	2	11.20
Pacific Northwest (Seattle)	124 <u>4/</u>	532.1	-7.7	177.2	-0.9	33	5	38	24	12.27
ALL MARKET AVERAGE OR TOTAL		9,436.2	-6.1	3,952.4	-0.7	42	8	44	6	12.55

1/ Names in parentheses are principal pricing points of markets.

2/ Previous year figures are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these changes; in some cases these adjustments are based on estimated data. No adjustments to previous year figures were made for handler regulation shifts that result from other than marketing area changes.

3/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

4/ Due to a disadvantageous relationship between class prices and location adjusted statistical uniform (blend) price in some markets, handlers elected not to pool milk that normally would have been associated with these markets.

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF JANUARY 22 - 26, 2001				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
PURCHASES	ADJUSTMENTS	PURCHASES	10/01/00	LAST YEAR	01/19/01	LAST YEAR	
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	3,050,083	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	3,917,916	-0-	-0-	-0-
Process	-0-	-0-	-0-	3,682,800	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	10,650,799	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	14,106,533	-0-	14,106,533	144,853,753	82,001,261	369,683,000	-0-
Fortified	1,949,565	-0-	1,949,565	25,975,534	5,077,653	36,448,000	-0-
TOTAL	16,056,098	-0-	16,056,098	170,829,287	87,078,914	406,131,000	-0-

#Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF JANUARY 22 - 26, 2001 =	3.5	186.9	COMPARABLE WEEK IN 2000 =	2.3	123.8
CUMULATIVE SINCE OCTOBER 1, 2000 =	135.9	2,093.9	CUMULATIVE SAME PERIOD LAST YEAR =	19.2	1,013.6
CUMULATIVE JANUARY 1 - 26, 2001 =	19.4	611.3	COMPARABLE CALENDAR YEAR 2000 =	7.9	420.5

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 22 - 26, 2001 (POUNDS)

REGION	BUTTER		CHEESE		NONFAT DRY MILK	
	BULK	PACKAGED	UNALTED	BLOCK	BARREL	PROCESS
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	5,678,640	-0-	2,159,486	2,779,837	38.9	3.2
WEST	-0-	-0-	4,932,559	-0-	168,669,801	84,210,893	60.8	96.7
EAST	-0-	-0-	39,600	-0-	0	88,184	0.3	0.1
TOTAL	-0-	-0-	10,650,799	-0-	170,829,287	87,078,914	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 16, 2001

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6549; 1# Prints \$.6849

CHEESE: 40 & 60# Blocks \$1.1314; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process American 2# \$1.2239

NONFAT DRY MILK: Nonfortified \$1.0032; Fortified \$1.0132; Instant \$1.1607

Dairy & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/06/01 & Comparable Week 2000

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
											WEEK :SINCE JAN 1	WEEK :SINCE JAN 1
2001-Dairy cows HD (000)	0.2	0.6	6.3	4.9	24.1	2.9	2.3	1.0	10.3	2.7	55.3	54.8
2000-Dairy cows HD (000)	0.2	1.0	6.8	6.8	22.6	3.2	1.2	1.3	11.0	3.6	57.7	49.9
2001-All cows HD (000)	0.3	0.8	8.6	11.8	33.1	12.1	18.8	5.3	11.6	5.8	108.1	108.1
2000-All cows HD (000)	0.3	1.2	9.4	14.8	30.4	15.1	16.8	5.5	13.7	8.6	115.7	115.7

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP), (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000-2001 (3.5% BF)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2001	FEB 2001
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	12.13	13.99	11.94
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58	12.54	13.68	13.97		
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37		
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94	11.81	13.00	13.27		

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm